

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 COME-00 SP-02 AID-05

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06

PRS-01 SAJ-01 NIC-01 H-01 L-02 IO-10 OIC-02 ABF-01

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TO SECSTATE WASHDC 5793

C O N F I D E N T I A L MOSCOW 19175

E.O. 11652 GDS

TAGS: ETRD, EAID, UN, UR, US.

SUBJ: U.S. PROPOSAL FOR DISCUSSION OF GRAIN RESERVES

REF: STATE 282972; STATE 279906; STATE 281156

1. SUMMARY. DCM DELIVERED US INVITATION FOR FEBRUARY MEETING TO NESTORENKO ON DECEMBER 30, ALONG WITH POINTS IN REF A. NESTORENKO ASKED FOR SOME ADDITIONAL DETAILS SUCH AS THE EXPECTED COMPOSITION OF THE U.S. DELEGATION, THE NAMES OF OTHER PARTICIPATING COUNTRIES AND SOME IDEAS ABOUT THE AGENDA. HE WAS NON-COMMITAL ON SOVIET PARTICIPATION. ACTION REQUESTED: ANSWERS TO AS MANY OF NESTORENKO'S QUESTIONS AS POSSIBLE. END SUMMARY.

2. DCM GAVE NESTORENKO THE U.S. INVITATION IN THE FORM OF AN AIDE MEMOIRE WHICH INCLUDED U.S. RATIONALE AND A REQUEST FOR FAVORABLE SOVIET CONSIDERATION (REF B). DCM ALSO PRESENTED ORALLY THE POINTS IN REF A, INCLUDING THE BENEFITS WHICH WOULD ACCRUE TO IMPORTERS AS WELL AS EXPORTERS, AND URGED SOVIET PARTICIPATION.

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3. NESTORENKO PROMISED TO PASS THE INVITATION ALONG

AND ASKED FOR FURTHER INFORMATION ON CERTAIN POINTS. FIRST HE WANTED TO KNOW MORE PRECISELY THE LEVEL AND INSTITUTIONAL AFFILIATION OF PARTICIPANTS FROM THE U.S. WE NOTED THAT THE INVITATION WAS FOR PARTICIPATION BY "POLICY LEVEL OFFICIALS," BUT COULD NOT OTHERWISE ELABORATE. SECOND, HE ASKED WHAT COUNTRIES HAD BEEN INVITED, AND MENTIONED EARLIER DISCUSSION (APPARENTLY IN ROME) WHEN U.S. REPS REFERRED TO SEVEN "ESSENTIAL" PARTICIPANTS--THE MAIN PRODUCER STATES INCLUDING THE U.S. AND THE USSR--AND ANOTHER GROUP OF "DESIRABLE" PARTICIPANTS--CHINA AND OTHERS. HE ASKED WHETHER THE U.S. INVITATIONS TO THE FEBRUARY MEETING REFLECTED THIS DISTINCTION AND ASKED WHAT COUNTRIES WOULD TAKE PART. WE INDICATED THAT THE MAJOR PRODUCING, CONSUMING AND TRADING NATIONS WERE BEING INVITED, BUT WE HAD NO WORD ON ACCEPTANCES. THIRD, HE ASKED FOR SOME IDEA OF THE PROPOSED AGENDA, AND IF POSSIBLE, ANY WORKING PAPERS SO THAT THE SOVIET GOVERNMENT WOULD BE ABLE TO STAFF ITS POSITION IF IT DECIDES TO PARTICIPATE. WE NOTED THAT A DRAFT AGENDA AND OTHER BACKGROUND INFORMATION WOULD BE CIRCULATED SEVERAL WEEKS BEFORE THE PLANNED MEETING.

4. NESTORENKO WENT ON TO ASK ABOUT THE SHAPE OF ANY LONG-TERM AGREEMENT ON GRAIN RESERVES. IN PARTICULAR HE WANTED TO KNOW WHETHER THE U.S. FAVORED A RIGID SCHEME OR ONE WHICH SIMPLY RECOMMENDED ACTION BY MEMBERS. WE REPLIED THAT DETAILS OF THE PLAN WILL HAVE TO BE WORKED OUT AMONG THE PARTICIPATING COUNTRIES, BUT THAT U.S. THINKING, AS WE UNDERSTOOD IT, WAS FOR A SYSTEM WHICH WOULD GO FURTHER THAN MERE RECOMMENDATIONS. NESTORENKO ASKED WHETHER THE U.S. WAS STILL THINKING IN TERMS OF A WORLD RESERVE WHEAT SUPPLY OF 30-60 MILLION TONS. WE SAID THAT WE HAD NO INFORMATION BEYOND U.S. PUBLIC STATEMENTS, BUT WOULD CHECK TO SEE WHETHER FURTHER DETAILS ON THIS POINT ARE AVAILABLE. HE ASKED ABOUT THE COST TO PARTICIPANTS AND WE COMMENTED ALONG LINES PARA 5 REF A THAT THESE SHOULD NOT BE MINIMIZED, BUT THAT WE CONSIDER THE BENEFITS FROM A WORLD RESERVE SYSTEM WELL WORTH THE PRICE TAG.

5. IN RESPONSE TO QUESTION POSED PREVIOUSLY, DCM PRESENTED
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A NON-PAPER ON THE UN SPECIAL FUND FOR THE MOST SERIOUSLY AFFECTED COUNTRIES (MSA'S) DRAWN FROM REF C, POINTING OUT THAT THE U.S. WOULD CONTINUE TO MEET MSA NEEDS THROUGH ESTABLISHED CHANNELS, MAINLY BILATERAL, AND WOULD NOT CONTRIBUTE TO THE PROPOSED SPECIAL FUND. NESTORENKO DID NOT COMMENT ON THIS QUESTION.

6. IN CONCLUSION, NESTORENKO INDICATED THAT THE SOVIET

GOVERNMENT WOULD SERIOUSLY CONSIDER OUR INVITATION FOR
THE FEBRUARY MEETING, BUT ADDED THAT HIS SUPERIORS WOULD
DOUBTLESS EXPECT ANSWERS TO AT LEAST SOME OF THE QUESTIONS
HE POSED BEFORE A FINAL DECISION WOULD BE POSSIBLE.
STOESSEL

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